

REVISED BY-LAWS
OF
CANDLELIGHT OAKS CIVIC CLUB INC.
1991

ARTICLE I

NAME AND LOCATION

The name of the corporation is Candlelight Oaks Civic Club, Inc. (hereinafter referred to as the "Association"). The principal office of the Association shall be the office of the Registered Agent listed with the Secretary of State. Meetings of members and directors may be held at such places within the County of Harris, State of Texas, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

The following definitions apply to Candlelight Oaks Addition, Sections I, II, III and IV according to the plat thereof recorded in the Plat records of Harris County, Texas.

Section 1: "Association" shall mean and refer to Candlelight Oaks Civic Club, Inc., a Texas non-profit corporation, its successors and assigns.

Section 2: "Owner" shall mean and refer to the record owner as recorded in the Real Property records of Harris County, Texas, whether one or more persons or entities, of a fee simple title to any Property.

Section 3: "Property", "Subdivision", and "Lot" shall mean and refer to the Plat records of Harris County, Texas, and such additions thereto encompassed by its boundaries, and additions brought within the

jurisdiction of the Association.

Section 4: "Member" shall mean and refer to every Owner of a Property upon which a residence exists or may be built and is subject to an Assessment.

Section 5: "Restrictions" shall mean and refer to the Declaration of Restrictions for Candlelight Oaks Civic Club, Inc. as recorded in the Official Public Records of Real Property of Harris County, Texas, and any amendments thereto. Terms used in these By-Laws shall have the same meaning as in the Restrictions.

Section 6: "Common Area" shall mean all real property (including improvements thereto) owned by the Association.

Section 7: "Assessment" shall mean and refer to any assessment, costs or other fee due to the Association pursuant to the terms of the Restrictions, By-Laws or the laws of the State of Texas. If not paid within thirty (30) days of the due date, such Assessment shall be considered Delinquent Assessment.

Section 8: "Voting Member(s)" shall mean a Member whose Assessment together with all fees, costs, and reasonable legal expenses are received at least five (5) days prior to voting.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1: Membership. Each Owner is a Member of the Association.

Section 2: Voting Rights. When more than one person holds an interest in any property, the vote for such Property shall be exercised as they themselves determine, but in no event shall more than one (1) vote be cast with respect to any Property.

Section 3: Voting shall be restricted to Voting Members.

Section 4: Cumulative voting is prohibited. There is only one (1) vote per vacancy or issue.

ARTICLE IV

MEETING OF MEMBERS

Section 1: General Meetings. There shall be four (4) general meetings of the Members. They shall be held in the months of January, April, July and October. Notice stating the place, date, hour and agenda of the meeting shall be delivered to each Property not less than ten (10) days before the date of the meeting.

Section 2: Special Meetings. Special meetings of the Members may be called at any time by the President of the Association or Board of Directors, or upon written request of ten (10%) percent of the Voting Members by stating the object and purpose of the called special meeting. Notice for any Special Meeting shall be given by the Secretary or person authorized to call the meeting and shall be given at least thirty (30) days, but not more than sixty (60) days before such meeting.

Section 3: Quorum. The presence at the meeting of ten (10%) percent of the Voting Members entitled to vote shall constitute a quorum.

Section 4: Proxies. Not allowed.

Section 5: Business to be transacted. Unless otherwise indicated in the notice or waiver of notice thereof, voting on any and all business to be transacted in any general or special meeting of the Members shall be only those items specifically so stated on the agenda. No vote to alienate, hypothecate, transfer or assign the Association's interest in the common areas shall be effective unless greater than fifty (50%) percent of the Voting Members are in favor thereof.

ARTICLE V

BOARD OF DIRECTORS

Section 1: Purpose. The management and business affairs of the Association shall be vested in the Board of Directors, except when specifically delegated elsewhere. The Board shall exercise all powers of the Articles of Incorporation, Restrictions and By-laws and do all such lawful acts and things as are required by law.

Section 2: Number. The affairs of this Association shall be

managed by a Board of nine (9) Directors, who are Voting Members of the Association.

Section 3: Term of Office. Each Director elected shall serve two (2) years on the Board or until a successor is elected. Each Director may be re-elected to serve subsequent terms. The terms of office of the Directors shall overlap.

Section 4: Removal. At any meeting of the Board of Directors, any Director may be removed by the affirmative vote of six (6) Directors for cause, such as, including but not limited to absence from three (3) consecutive regular meetings of the Board of Directors or failing to timely pay an Assessment. Any Director may be removed from the Board by a majority of the Voting Members at a special meeting of the Association stating the cause thereof. In the event of death, resignation or removal of a Director, a successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of the predecessor. If the number of Directors then in office is less than a quorum, then such newly created vacancies shall be filled by a special election.

Section 5: Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. The Committee shall be appointed by the Board by September 1. The Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies to be filled. Any nomination of a Voting Member shall be accepted and any current Board member may be nominated for another term. Nominations to the Board may be accepted from any Member. All Nominations shall be published or posted at least ten (10) days prior to the election date. Members shall be given the opportunity to have write-in candidates.

Section 6: Election. The Board of Directors shall cause a general election to be held for the positions to be filled on the Board for the next ensuing calendar year. Election to the Board of Directors shall be by secret ballot. Ballots may either be distributed by mail, or as designated by the Board of Directors ten (10) days prior to election date. At such election the Voting Members are entitled to one vote per vacancy or issue. No more than one (1) Director may serve on the Board per Property. Counting of the votes shall be done by one person familiar with the voting membership list, plus the Nominating Committee Members who are not nominees to the Board. The results of the election will be published. Any Voting Member may inspect the ballots by serving

written notice to the Secretary within seven (7) days of the election. Recount of votes shall be done if requested in writing by ten (10%) percent of the Voting Members.

Section 7: Regular Meetings. Regular meetings of the Board of Directors shall be held monthly at such place and hour as may be fixed from time to time by the Board. Any Member may attend a Board of Directors meeting. Any Member may request, in writing, Board action on a matter. Any action by the Board relating to the Member's request may be deferred until the next Board meeting.

Section 8: Special Meetings. Special meetings of the Board of Directors shall be held when called by the President, or by any two Directors, after not less than three (3) days notice to each Director.

Section 9: Quorum. Two-Thirds (2/3) of the total number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held Board meeting shall be regarded as the act of the Board.

Section 10: Action taken Without a Meeting. The Board of Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the prior written approval of all the Directors. The written approval shall contain the specific action to which the parties are consenting. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 11: No Director shall receive compensation for any service rendered for the Association.

Section 12: Proxies. Not Allowed.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1: Power. Subject to and consistent with the Restrictions, the Board of Directors shall have the power to: (a) Suspend the voting rights of a member during any period in which such member shall be in default of any Assessment levied by the Association; (b) Exercise for the Association all powers, duties and authority vested in or delegated

to this Association and not reserved to the Members; (c) In their absolute discretion, set aside any funds of the Association, they think proper as a reserve fund for purposes the Directors believe are in the best interests of the Association. They may also abolish or modify any such reserve in the manner in which it was created; (d) adopt rules and regulations governing use of the Common Areas, if any, and the personal conduct of the Members and their guests; and (e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to describe their duties.

Section 2: Duties. It shall be the duty of the Board of Directors to: (a) cause to be kept a complete record of all its acts and corporate affairs and to present a report thereof to the members at every regular meeting; (b) supervise all officers, agents and employees of the Association, and to see that their duties are properly performed; (c) as more fully provided in the Restrictions, to send written notice of the annual assessment to every Owner and/or escrowing agent at least thirty days in advance of each assessment period; (d) to determine when and/or whether to foreclose the lien against any Property for which Assessments are not paid or bring an action against the Owner personally obligated to pay the same; (e) procure and maintain adequate liability and other insurance on property owned or under the control of the Association; (f) cause the Common Area(s), to be maintained; and (g) treat the Owners in a fair and equal manner.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 1: Offices. The Officers of this Association shall be a President, Vice-President, Treasurer, and Secretary, who at all times are members of the Board of Directors, and such other officers as the Board may require.

Section 2: Election of Officers. The Board of Directors shall choose their own officers at or before the first meeting of the new Board of Directors.

Section 3: Term. The officers of this Association shall be chosen annually. Any vacancy occurring in any office shall be filled by the Board at their next scheduled meeting. Any officer, who desires and is chosen, may succeed oneself in that office for the following year.

Section 4: Resignation and Removal. Any officer may be removed from office, with or without cause, by the affirmative vote of six (6) Directors. Any officer may resign at any time by giving written notice to the Board. The acceptance of such resignation shall not be necessary to make it effective.

Section 5: Duties of Officers.

(a) President: The President shall preside at all meetings of the Board of Directors; shall see that orders and resolution of the Board are carried out; may co-sign checks; shall enforce the Restrictions and By-Laws; appoint all committees not otherwise provided; sign all official documents; be an ex-officio member of all committees and generally perform all the duties of the office.

(b) Vice-President: The Vice-President shall act in the absence of the president and shall exercise and discharge such other duties as may be required by the Board. The Vice President may be a co-signer of all checks and shall Chair the Budget Committee.

(c) Treasurer: The Treasurer shall be the custodian of all funds and securities of the Association. It shall be the duty of the treasurer to be responsible for a correct and accurate account of all receipts and expenditures and report to the Members a financial statement of the same. The treasurer shall advise and counsel with any agent, designated by the Board, that manages the Association Assessments, receipts and expenditures. The Treasurer may be co-signer of all checks.

(d) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings; keep appropriate permanent records and perform other such duties as required by the Board. The Secretary may be a co-signer of all checks.

ARTICLE VIII

COMMITTEES

The Board of Directors shall approve committees as they deem appropriate. The following standing committees shall be appointed and the Chairpersons shall be approved by the Board of Directors and shall be a member of the Board of Directors.

a) Deed Restrictions: Shall receive and act on all legitimate written complaints. Written reports and/or notices to Owners in violation of deed restrictions shall be maintained and reports given to

the Board. The Chairperson shall retain Board approved legal services where needed for compliance. Reports of deed restriction operations will be given to the Board of Directors and will be reported at all meetings.

(b) Security: Shall supervise and coordinate the sub-division paid security to ensure protection as can be reasonably expected. Shall also supervise volunteer security. Volunteer security will receive no compensation. The Chairperson shall maintain reports of both paid and volunteer security activities and maintain all records from all paid security personnel. The Chairperson may enter into Board approved contracts for paid security. Reports of security operations will be given to the Board of Directors and will be reported at all meetings.

(c) Swimming Pool: Shall operate and control the operation of the subdivision swimming pool and grounds to the extent necessary to ensure safety and proper maintenance. The Chairperson may enter into Board approved contracts with subcontractors. Reports of pool operations will be given to the Board of Directors and will be reported at all meetings.

(d) Long Range Planning: Shall create a five (5) year plan approved by the then current Board of Directors. This plan shall be reviewed, revised, and updated by subsequent Boards but shall not be changed in broad context. The Chairperson may enter into Board approved contracts with subcontractors. Reports of long range planning operations will be given to the Board of Directors and will be reported at all meetings.

(e) Landscape: Shall be responsible to assure that all interior and common areas are maintained to present a good appearance for the subdivision. The Chairperson may enter into Board approved contracts with subcontractors. Reports of landscape operations will be given to the Board of Directors and will be reported at all meetings.

(f) Other committees may be created as deemed necessary by the Board.

ARTICLE IX

BUDGET

The Board of Directors will approve a Budget Committee before September

1. Unless otherwise approved by the Board of Directors, the committee shall be chaired by the Vice President. It's purpose shall be to create an operating budget for the next calendar year. The Committee shall obtain funding requests from the Board of Directors and all standing committees. The operating budget shall be balanced in that expenditures do not exceed projected revenue. Other available funds shall be utilized for capital improvements. Such proposed budget shall be approved by a quorum of the Board for presentation to the Members for discussion and approval and adoption by the Voting Members at the October meeting. If there is not a quorum at this meeting, the budget will be distributed for approval by ballot.

ARTICLE X

CONTRACTS, CHECKS, DRAFTS, BANK ACCOUNTS, RECORDS, ETC.

Section 1: Only the Board of Directors may authorize an officer to execute a document on behalf of the Association and to enter into any contract.

Section 2: No loan shall be contracted on behalf of the Association, and no negotiable papers shall be issued in its name, unless authorized by a majority vote of the Voting Members by ballot.

Section 3: All checks, drafts and other orders for the payment of money out of the funds of the Association shall be signed on behalf of the Association as designated by the Board of Directors. There shall always be two (2) signatures on every disbursement.

Section 4: All funds of the Association shall be deposited to the credit of the Association in such financial institutions as the Board of Directors may select.

Section 5: Upon written request stating the purpose thereof, the documents and information requested, any Member of the Association shall be entitled to make a reasonable examination thereof at any reasonable time and for a purpose reasonably related to their interest as a Member. No Member shall remove any books and records from the possession of the Association for any reason, but a Member may request copies of books and records upon written request, provided such Member pays reasonable costs in providing same. Notwithstanding the foregoing, no Member shall be entitled to examine any documents or communications of the Association, Board of Directors, or agents that the Board of Directors deem

confidential, including without limitation protection of the privacy rights of other individual Members, competitive bids, and matters where an obvious conflict of interest exists between a Member and the Association and disclosure would detrimentally affect the interests of the Association, or any applicable statute or law of the State of Texas.

ARTICLE XI

MAINTENANCE ASSESSMENTS

If the maintenance assessment is not paid by the due date, January 1, the Assessment shall bear a reasonable monthly handling or processing fees for collection as set by the Board of Directors, and the Association may bring an action at law against the Owner to pay the same or foreclose the lien against the Property. Interest, costs, and reasonable attorney's fees of such action shall be added to the amount of such Assessment. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Area or abandonment of the Property.

ARTICLE XII

INDEMNIFICATION

Each Director and Officer, and agents of the Association shall be indemnified by the Association against any costs and expenses including attorneys fees actually and necessarily incurred in connection with the defense of any civil, criminal, administrative or other claim, action, suit or proceeding (whether by or in the name of the Association or otherwise) in which they may become involved or with which they may be threatened, by reason of being or having been a Director or Officer or agent of the Association and against any payments in settlement of any such claim, action, suit or proceeding or in satisfaction of any related judgement, fine or penalty upon receipt by the Association of any opinion of the Association's legal counsel that they acted in good faith and in a manner reasonably believed to be in or not opposed to the interests of the Association, and in respect to any criminal action, that they reasonably believed that their conduct was lawful. The Association may purchase and maintain insurance on behalf of any person who is or was a Director of the Association or agent against any liability asserted against them and incurred by them in any such capacity.

ARTICLE XIII

AMENDMENTS

Section 1: These By-Laws may be amended, at a general or special meeting of the Members, by a 2/3 majority vote of Voting Members present in person. If there is not a quorum at this meeting, the proposed amendment to the By-Laws will be distributed for approval by ballot.

Section 2: In the case of any conflict between the Article of Incorporation, Restriction and these By-Laws, the Articles shall control; and in case of any conflict between the Restrictions and these By-Laws, the Restrictions shall control.

ARTICLE XIV

FISCAL YEAR

The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year.

THE UNDERSIGNED, being the duly elected, qualified and acting Secretary of Candlelight Oaks Civic Club, Inc., a Texas non-profit corporation, and keeper of the minutes and records of the Association does hereby certify that the foregoing "Amended By-Laws of Candlelight Oaks Civic Club, Inc." was approved as the By-Laws of the Association at a meeting on the _____ day of _____, 1991. These foregoing amended by-laws were adopted as designated under the procedures of "Revised By-Laws of June 11, 1986, Article Eight, Sections 27 and 28.

TO CERTIFY WHICH, WITNESS MY HAND this the _____ day of _____, 1991.

Secretary